



DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-137]

Pentafluoroethane (R-125) from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part, Postponement of Final Determination, and Extension of Provisional Measures

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that pentafluoroethane (R-125) from the People's Republic of China (China) is being, or is likely to be, sold in the United States at less than fair value (LTFV). The period of investigation is July 1, 2020, through December 31, 2020. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Alex Wood or Benjamin A. Lubarda, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1959 or (202) 482-2185, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on February 8, 2021.¹ On March 12, 2021, Commerce limited the number of respondents selected for individual examination to the two largest R-125 producers/exporters, by

¹ See *Pentafluoroethane (R-125) from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 86 FR 8583 (February 8, 2021) (*Initiation Notice*).

volume, that submitted a Q&V questionnaire response, and we issued the AD questionnaire to them.² These companies are Zhejiang Quzhou Juxin Fluorine Chemical Co., Ltd., (Juxin) and Zhejiang Sanmei Chemical Ind. Co., Ltd. (Sanmei). On May 10, 2021, Juxin informed Commerce that it would no longer participate as a mandatory respondent in this investigation.³ On June 3, 2021, Commerce postponed the preliminary determination of this investigation and the revised deadline is now August 10, 2021.⁴ For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.⁵ A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>.

Scope of the Investigation

The product covered by this investigation is R-125 from China. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁶ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (scope).⁷ Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation*

² *See* Memorandum, "Respondent Selection," dated March 12, 2021.

³ *See* Juxin's Letter, "Juxin Withdrawal as a Mandatory Respondent," dated May 10, 2021 (Juxin Withdrawal Letter).

⁴ *See* Pentafluoroethane (R-125) from the People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation, 86 FR 29752 (June 3, 2021).

⁵ *See* Memorandum, "Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Pentafluoroethane (R-125) from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁶ *See* *Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁷ *See* *Initiation Notice* at 8584.

Notice, as well as additional language proposed by Honeywell International, Inc. (petitioner).⁸

For a summary of the product coverage comments and rebuttal responses submitted to the record for this investigation, and accompanying discussion and analysis of all comments timely received, *see* the Preliminary Scope Decision Memorandum.⁹ Commerce has preliminarily modified the scope language that appeared in the *Initiation Notice*. *See* the revised scope in Appendix I to this notice.

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Commerce has calculated export price in accordance with section 772(a) of the Act. Because China is a non-market economy, within the meaning of section 771(18) of the Act, Commerce has calculated normal value (NV) in accordance with section 773(c) of the Act. Furthermore, pursuant to section 776(a) and (b) of the Act, Commerce has preliminarily relied upon the facts otherwise available, with adverse inferences, in determining the estimated weighted-average dumping margin for the China-wide entity. For a full description of the methodology underlying Commerce's preliminary determination, *see* the Preliminary Decision Memorandum.

Preliminary Affirmative Determination of Critical Circumstances, in Part

In accordance with section 733(e) of the Act and 19 CFR 351.206, Commerce preliminarily determines that critical circumstances exist with respect to imports of R-125 from China for the non-selected companies receiving a separate rate and the China-wide entity, including Juxin, but do not exist for Sanmei. For a full description of the methodology and results of Commerce's critical circumstances analysis, *see* the Preliminary Decision Memorandum.

Combination Rates

⁸ *See* Petitioner's Letters, "Scope Comments," dated February 22, 2021; and "Honeywell International Inc.'s Scope Supplemental Questionnaire Response," dated July 20, 2021.

⁹ *See* Memorandum, "Preliminary Scope Decision Memorandum," dated concurrently with, and hereby adopted by, this notice (Preliminary Scope Decision Memorandum).

In the *Initiation Notice*,¹⁰ Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation. Policy Bulletin 05.1 describes this practice.¹¹ In this investigation, we calculated producer/exporter combination rates for respondents eligible for separate rates.

Separate Rates

In addition to Sanmei, we have preliminarily granted certain non-individually examined respondents a separate rate. Also, because Juxin withdrew its participation as a mandatory respondent in this investigation, we have preliminarily denied a separate rate to Juxin and are treating it as part of the China-wide entity.¹² See the Preliminary Decision Memorandum for details.

In calculating the rate for non-individually examined separate rate respondents in a non-market economy antidumping duty (AD) investigation, Commerce normally looks to section 735(c)(5)(A) of the Act, which pertains to the calculation of the all-others rate in a market economy AD investigation, for guidance. Pursuant to section 735(c)(5)(A) of the Act, normally this rate shall be an amount equal to the weighted average of the estimated AD rates established for those companies individually examined, excluding zero and *de minimis* rates and any rates based entirely under section 776 of the Act. Commerce calculated an individual estimated weighted-average dumping margin for Sanmei, the only individually examined exporter/producer in this investigation. Because the only individually calculated weighted average dumping margin is not zero, *de minimis*, or based entirely on facts otherwise available, the weighted-average dumping margin calculated for Sanmei is the basis to determine the weighted-average dumping margin for the separate rate, non-examined companies, using section 735(c)(5)(A) of the Act for guidance, which provides for the determination of the estimated

¹⁰ See *Initiation Notice*, 86 FR 8587.

¹¹ See Enforcement and Compliance's Policy Bulletin No. 05.1 regarding, "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries," (April 5, 2005) (Policy Bulletin 05.1), available on Commerce's Web site at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

¹² See Juxin Withdrawal Letter.

weighted-average dumping margin for all other producers and exporters in a market economy investigation. *See* the table in the “Preliminary Determination” section of this notice.

Preliminary Determination

Commerce preliminarily determines that the following estimated weighted-average dumping margins exist:

Producer	Exporter	Estimated Weighted-Average Dumping Margin (percent)	Cash Deposit Rate (Adjusted for Subsidy Offsets) (percent)
Zhejiang Sanmei Chemical Ind. Co., Ltd.	Zhejiang Sanmei Chemical Ind. Co., Ltd.	280.37	280.37
Fujian Qingliu Dongying Chemical Ind. Co., Ltd.	Zhejiang Sanmei Chemical Ind. Co., Ltd.	280.37	280.37
Producers Supplying the Non-Individually-Examined Exporters Receiving Separate Rates (<i>see</i> Appendix III)	Non-Individually-Examined Exporters Receiving Separate Rates (<i>see</i> Appendix III)	280.37	280.37
China-Wide Entity ¹³		280.48	280.48

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*, as discussed below. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the weighted-average amount by which NV exceeds U.S.

¹³ The China-Wide Entity also includes Zhejiang Quzhou Juxin Fluorine Chemical Co., Ltd.

price, as indicated in the chart above as follows: (1) for the producer/exporter combinations listed in the table above and in Appendix III, the cash deposit rate is equal to the estimated weighted-average dumping margin listed for that combination in the table; (2) for all combinations of Chinese producers/exporters of subject merchandise that have not established eligibility for their own separate rates, the cash deposit rate will be equal to the estimated weighted-average dumping margin established for the China-wide entity; and (3) for all third-country exporters of subject merchandise not listed in the table above, the cash deposit rate is the cash deposit rate applicable to the Chinese producer/exporter combination (or the China-wide entity) that supplied that third-country exporter.

Section 733(e)(2) of the Act provides that, given an affirmative determination of critical circumstances, any suspension of liquidation shall apply to unliquidated entries of merchandise entered, or withdrawn from warehouse, for consumption on or after the later of: (a) the date which is 90 days before the date on which the suspension of liquidation was first ordered; or (b) the date on which notice of initiation of the investigation was published. Commerce preliminarily finds that critical circumstances exist for imports of subject merchandise from the non-selected companies receiving a separate rate and the China-wide entity. In accordance with section 733(e)(2)(A) of the Act, the suspension of liquidation shall apply to all unliquidated entries of merchandise from the non-selected companies receiving a separate rate and the China-wide entity that were entered, or withdrawn from warehouse, for consumption on or after the date that is 90 days before the publication of this notice.

To determine the cash deposit rate, Commerce normally adjusts the estimated weighted-average dumping margin by the amount of domestic subsidy pass-through and export subsidies determined in a companion countervailing duty (CVD) proceeding when CVD provisional measures are in effect. Accordingly, where Commerce has made a preliminary affirmative determination for domestic subsidy pass-through or export subsidies, Commerce has offset the calculated estimated weighted-average dumping margin by the appropriate rate(s). Any such

adjusted rates may be found in the Preliminary Determination section's chart of estimated weighted-average dumping margins above.

Should provisional measures in the companion CVD investigation expire prior to the expiration of provisional measures in this LTFV investigation, Commerce will direct CBP to begin collecting cash deposits at a rate equal to the estimated weighted-average dumping margins calculated in this preliminary determination unadjusted for the passed-through domestic subsidies or for export subsidies at the time the CVD provisional measures expire. These suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Commerce intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of its public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Verification

Commerce is currently unable to conduct on-site verification of the information relied upon in making its final determination in this investigation. Accordingly, we intend to take additional steps in lieu of on-site verification. Commerce will notify interested parties of any additional documentation or information required.

Public Comment

Case briefs or other written comments on non-scope issues may be submitted to the Assistant Secretary for Enforcement and Compliance. Interested parties will be notified of the timeline for the submission of case briefs and written comments at a later date. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than seven days after the deadline for case briefs.¹⁴

¹⁴ See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).

Pursuant to 19 CFR 351.309(c), interested parties may comment on Commerce's preliminary scope decision no later than 21 days after the publication date of the preliminary determination. Scope rebuttal briefs, limited to issues raised in the scope case briefs, may be submitted no later than seven days after the deadline for the scope case briefs. These deadlines apply for both the AD and CVD investigations. For all scope issues, parties must file separate and identical documents on the records of both the AD and CVD investigations. No new factual information or proprietary information should be included in the scope case briefs and scope rebuttal briefs.

Commerce has modified certain of its requirements for serving documents containing business proprietary information until further notice.¹⁵ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a date and time to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the

¹⁵ See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioners. Pursuant to 19 CFR 351.210(e)(2), Commerce requires that requests by respondents for postponement of a final antidumping determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

On August 5, 2021, pursuant to 19 CFR 351.210(e), Sanmei requested that Commerce postpone the final determination and that provisional measures be extended to a period not to exceed six months.¹⁶ In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because: (1) the preliminary determination is affirmative; (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, Commerce is postponing the final determination and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, the deadline for Commerce's final determination will be no later than 135 days after the date of publication of this preliminary determination.

International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its determination. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether imports of the subject merchandise are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

¹⁶ See Sanmei's Letter, "Request to Postpone the Final Determination," dated August 5, 2021.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: August 10, 2021.

James Maeder,
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations.

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is pentafluoroethane (R-125), or its chemical equivalent, regardless of form, type or purity level. R-125 has the Chemical Abstracts Service (CAS) registry number of 354-33-6 and the chemical formula C_2HF_5 . R-125 is also referred to as Pentafluoroethane, Genetron HFC 125, Khladon 125, Suva 125, Freon 125, and Fc-125.

R-125 that has been blended with other products is included within the scope if such blends contain 85% or more by volume R-125, on an actual percentage basis. However, R-125 incorporated into a blend that conforms to ANSI/ASHRAE Standard 34 is excluded from the scope of this investigation. When R-125 is blended with other products and otherwise falls under the scope of this investigation, only the R-125 component of the mixture is covered by the scope of this investigation.

Subject merchandise also includes purified and unpurified R-125 that is processed in a third country or otherwise outside the customs territory of the United States, including, but not limited to, purifying, blending, or any other processing that would not otherwise remove the merchandise from the scope of this investigation if performed in the country of manufacture of the in-scope R-125. The scope also includes R-125 that is commingled with R-125 from sources not subject to this investigation. Only the subject component of such commingled products is covered by the scope of this investigation.

Excluded from the scope is merchandise covered by the scope of the antidumping order on *Hydrofluorocarbon Blends from the People's Republic of China*, including merchandise subject to the affirmative anti-circumvention determination in *Hydrofluorocarbon Blends from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order; Unfinished R-32/R-125 Blends*, 85 FR 15428 (March 18, 2020). See *Hydrofluorocarbon Blends from the People's Republic of China: Antidumping Duty Order*, 81 FR 55436 (August 19, 2016) (the Blends Order).

R-125 is classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 2903.39.2035 and 2903.39.2938. Merchandise subject to the scope may also be entered under HTSUS subheadings 2903.39.2045, 3824.78.0020, and 3824.78.0050. The HTSUS subheadings and CAS registry number are provided for convenience and customs purposes. The written description of the scope of the investigation is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Scope Comments
- V. Scope of the Investigation
- VI. Discussion of the Methodology
- VII. Currency Conversion
- VIII. Adjustment Under Section 777(A)(f) of the Act
- IX. Adjustments to Cash Deposit Rates for Export Subsidies
- X. ITC Notification
- XI. Recommendation

Appendix III

List of Separate Rate Companies

Exporter	Producer
Non-Individually-Examined Exporters Receiving Separate Rates	Producers Supplying the Non-Individually- Examined Exporters Receiving Separate Rates
Huantai Dongyue International Trade Co. Ltd.	Jinhua Binglong Chemical Technology Co., Ltd.
Shandong Dongyue Chemical Co., Ltd.	Shandong Dongyue Chemical Co., Ltd.
Shandong Huaan New Material Co., Ltd.	Shandong Huaan New Material Co., Ltd.
T.T. International Co., Ltd./T.T. International Co., Limited ¹⁷	Sinochem Environmental Protection Chemicals (Taicang) Co., Ltd.
T.T. International Co., Ltd./T.T. International Co., Limited	Zhejiang Quhua Fluor-Chemistry Co., Ltd.
T.T. International Co., Ltd./T.T. International Co., Limited	Zhejiang Sanmei Chemical Industry. Co., Ltd.
Zhejiang Yonghe Refrigerant Co., Ltd.	Jinhua Yonghe Fluorochemical Co., Ltd.
Zibo Feiyuan Chemical Co., Ltd.	Zibo Feiyuan Chemical Co., Ltd.

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¹⁷ Commerce preliminarily determines that T.T. International Co., Ltd. and T.T. International Co., Limited are a single entity. See Memorandum, “Less-Than-Fair-Value Investigation of Pentafluoroethane (R-125) from the People’s Republic of China: Affiliation and Single Entity Status – T.T. International Co., Ltd.,” dated concurrently with this notice.